

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 002593

SIPDIS

E.O. 12958: DECL: 05/31/2015

TAGS: [EAGR](#) [ECON](#) [EFIN](#) [ENRG](#) [EPET](#) [IZ](#) [MASS](#) [MOPS](#) [PGOV](#) [PREL](#)

SUBJECT: IRAQ INFRASTRUCTURE SECURITY: MOD PLAN NOT

APPROVED BY NATIONAL ENERGY COUNCIL

REF: BAGHDAD 2517 AND PREVIOUS

Classified By: ECONOMIC MINISTER COUNSELOR ANNE DERSE FOR REASONS 1.4 B

AND D.

11. (C) SUMMARY: On June 16 Iraq's National Energy Committee (NEC) sent the Iraqi Army back to the drawing boards on its proposed infrastructure security plan, stating that the plan presented was too costly and inconsistent with guidance the NEC has provided in its recent meetings. The NEC remains concerned with oil pipeline security. DPM Ahmed Chalabi instructed the Commander of the Army to immediately develop an effective security plan for the northern pipelines using Iraqi military forces that had already been trained. The Minister of Electricity (ME) was praised by all the Ministers present for the increased availability of electricity across the country. ME used the opportunity to ask for an additional \$50 million for spare parts for repairing the energy grid and fixing generation capacity. The Deputy Minister of Oil (MOO) asked if he could change banks for MOO lines of credit. The DPM asked what this financial action was, and the Deputy MOO answered they were using oil production as collateral for the loans. The amount owed or the line of credit amounts were not disclosed in the discussions at the table. END SUMMARY.

12. (C) DPM Ahmed Chalabi convened the 6th meeting of the ITG National Energy Committee on Jun 16. The Ministers of Electricity (ME), Water Resources (MWR), Finance (MOF), Industry and Minerals, and Deputy Minister of Oil (MOO) were present as well as the MOD Director General of Programs and Budget, and the Commander of the Iraqi Army. The Charge', EMINCOUNS, and IRMO Acting Director MG Heine attended. The meeting was held to review the proposed plan of the Ministry of Defense to defend the northern Iraqi oil pipelines.

-----  
ARMY COMMANDER BRIEFED INFRASTRUCTURE PROTECTION PLAN  
-----

13. (C) The Commander of the Army provided the briefing to the NEC on the proposed infrastructure protection plan. The plan proposed using the untrained, and in some cases unformed, Strategic Infrastructure Battalions (SIBs) at an initial cost of \$70 Million for four battalions, which would not be ready for six months. The DPM said he was dissatisfied with the plan, severely chastising the Commander of the Army for not following the prior instructions of the NEC. He then publicly apologized to the Commander for his use of public criticism in front of the other Ministers. He told the Commander of the Army that he was to come back on Monday, Jun 20, with a new plan using Iraqi Army trained forces to guard the pipelines and other critical infrastructure at a cost of \$35 million, which has been identified for this purpose. The DPM said the Iraqi Government had spent a lot of money raising and training the Iraqi Army, and he now he wanted it employed to provide infrastructure protection.

14. (C) The Ministers present concurred, saying the Strategic Infrastructure Battalions are ineffective and there was an immediate need for trained Iraqi forces. The pipelines need to be protected now, not in six months or later. The oil export pipeline from Kirkuk to Bayji, then north toward Turkey was to be the priority for planning and protection as directed by the NEC.

-----  
INCREASED ELECTRICITY ACROSS IRAQ  
-----

15. (SBU) The Minister of Electricity (ME) said he was glad to report that the rates for the generation of electricity across Iraq had crossed the 5000 MW threshold, and the ME was now generating 5100 MW of sustained power, and he expected to report 6000 MW by the end of the summer. He was immediately praised by the DPM and his fellow Ministers for this positive result, and the DPM asked him when he could meet the demand of 8000 MW. The ME responded that if the ITG would "give me enough money I will produce twice that much electricity." The ME then used this opportunity to ask for \$50-Million for repair parts and spares for repairing the energy grid and fixing generation capacity across Iraq. The DPM told him they could discuss those funds later, and commended him once again for his effective running of the ME.

-----  
MOO REPORTS DESIRE TO CHANGE THEIR BANK LINES OF CREDIT  
-----

16. (C) The Deputy Minister of Oil asked the DPM if they could change their financed lines of credit from Morgan Stanley Bank to Citibank because Citibank would give them a three year line of credit compared to the 12-18 months with Morgan Stanley. The DPM was upset over the revelation that MOO was active in the international financial markets outside the appropriate channels in the Iraqi Government. The DPM asked them how they did this, and the Deputy MOO answered they were using oil production as collateral for the loans. The DPM said this needed to be discussed further in a different forum. The amount owed or the line of credit amounts were not disclosed in the discussions at the table.

-----  
AGENDA FOR NEXT MEETING OF NATIONAL ENERGY COMMITTEE  
-----

17. (C) The DPM said the Monday, June 20 meeting of the NEC would review the new plan by the Ministry of Defense for defense of the northern Iraqi pipelines.

-----  
COMMENT  
-----

18. (C) COMMENT: DPM Chalabi dominated this meeting of the NEC, as he has previous meetings. The NEC meeting illustrated the continuing dispute between NEC and MOD over how to defend the pipelines. The NEC wants immediate protection of the critical northern export pipeline and does not want to spend a large amount of funds in addition to those already provided to MOD to build the Iraqi security forces. The MOD seeks additional funding and is willing to wait six or more months to provide protection for critical infrastructure. The revelation that the MOO was engaging in financial arrangements with international banks appeared to come as surprise to the DPM, and he appeared concerned over the impact this might have on other financial arrangements for the government of Iraq. END COMMENT.  
Jeffrey